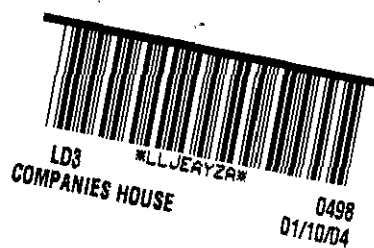


POLITEIA
(Company limited by guarantee and without share capital)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2003



POLITEIA
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Company information
for the year ended 30 November 2003

DIRECTORS'	The Reverend Canon Lord Pilkington of Oxenford Maurice Cowling Dr Sheila Lawlor Sir Brian Williamson CBE
SECRETARY	Dr Sheila Lawlor
COMPANY NUMBER	3123505
REGISTERED OFFICE	8 – 10 New Fetter Lane London EC4A 1RS
ACCOUNTANTS	Reardon & Co Limited Chartered Accountants Ash House Breckenwood Road Fulbourn Cambridge CB1 5DQ
SOLICITORS	Charles Russell 8 – 10 New Fetter Lane London EC4A 1RS
BANKERS	Coutts & Co 440 Strand London WC2R 0QS

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for the year ended 30 November 2003

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REPORT OF THE DIRECTORS

The directors present their report and the financial statements for the year ended 30 November 2003

PRINCIPAL ACTIVITIES

The principal activity of the company throughout the year continued to be that of engaging in and encouraging public discussion of the relationship between the state and the people by way of seminars, conferences and publications.

DIRECTORS

The directors who served throughout the year were:

The Reverend Canon Lord Pilkington of Oxenford
Maurice Cowling
Dr Sheila Lawlor
Sir Brian Williamson CBE

DIRECTORS RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the results for the period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

APPROVED BY THE BOARD ON



Dr Sheila Lawlor
Secretary

21 September 2004

POLITEIA

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PRINCIPAL ACCOUNTING POLICIES

ACCOUNTING CONVENTIONS

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

BASIS OF ACCOUNTING

The financial statements are prepared in accordance with the historical cost convention.

GOING CONCERN

The nature of the company's activities is such that there can be considerable unpredictable variation in the timing of cash inflows; in particular, the company is dependent on the support of FSET, its other charitable donors and individual subscribers. In the experience and opinion of the directors, such support will continue to be forthcoming for the foreseeable future and, on this basis, they therefore consider it appropriate to prepare the accounts on a going concern basis. The financial statements do not include any adjustments that might arise from a shortfall in incoming funds.

TANGIBLE FIXED ASSETS

The cost of tangible fixed assets is their purchase cost, together with any incidental cost of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a reducing balance basis over the expected useful economic lives of the assets concerned. The principal annual rates for this purpose are:

Office equipment	-	20% straight line
Computers	-	33% straight line

OPERATING LEASES

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on the straight line basis over the long term.

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CASH FLOW STATEMENT

Politeia qualifies as a small company under the terms of section 247 of the Companies Act 1985. As a consequence, it is exempt from the requirements to publish a cash flow statement under Financial Reporting Standard 1 (revised) "Cash flow statements".

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PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 NOVEMBER 2003

	2003	2002
	£	£
TURNOVER	7,899	10,147
COST OF SALES	(134,230)	(91,230)
GROSS LOSS	(126,331)	(81,083)
Administrative expenses	(98,881)	(61,869)
	(225,212)	(142,952)
Other operating income (Note 1)	234,675	143,250
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	9,463	298
TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES	-	-
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR	9,463	298
PROFIT AND LOSS ACCOUNT AT 30 NOVEMBER 2002	(6,603)	(6,901)
PROFIT AND LOSS ACCOUNT AT 30 NOVEMBER 2003	£2,860	£(6,603)

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BALANCE SHEET AT 30 NOVEMBER 2003

	2003 £	2002 £
FIXED ASSETS		
Tangible fixed assets (Note 3)	1,585	-
CURRENT ASSETS		
Cash at bank and in hand	5,397	100
CREDITORS: Amounts falling due within one year (Note 5)	(4,122)	(6,703)
NET CURRENT ASSETS/(LIABILITIES)	1,275	(6,603)
NET CURRENT ASSETS/(LIABILITIES)	1,275	(6,603)
TOTAL NET ASSETS	<u>£2,860</u>	<u>£(6,603)</u>
CAPITALS AND RESERVES		
Profit and loss account	<u>£2,860</u>	<u>£(6,603)</u>

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 30 November 2003.

The members have not required the company to obtain an audit of its financial statements for the year ended 30 November 2003 in accordance with Section 249B(2) of the Companies Act 1985.

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BALANCE SHEET AT 30 NOVEMBER 2003 (Continued)

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company

SIGNED ON BEHALF OF THE DIRECTORS



Dr Sheila Lawlor
Director



Sir Brian Williamson CBE
Director

APPROVED BY THE BOARD ON 21 SEPTEMBER 2004

POLITEIA

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
NOVEMBER 2003

1. OTHER OPERATING INCOME	2003	2002
	£	£
Donations and grants received	234,675	143,250
	-----	-----

Other operating income comprises grants received from the Foundation for Social and Economic Thinking (see Note 6) of £191,500 (2002: £88,000) and other donations of £43,175 (2002: £55,250).

2. OPERATING PROFIT/(LOSS)	2003	2002
	£	£
The operating profit/(loss) is stated after charging:		
Depreciation	-	-
Directors' remuneration	50,955	47,392
	=====	=====

3. TANGIBLE FIXED ASSETS

	£
COST	
Additions	2,377

At 30 November 2003	2,377
	=====
ACCUMULATED DEPRECIATION	
Charge for the year	792

At 30 November 2003	792
	=====
NET BOOK AMOUNT	
At 30 November 2003	£1,585
	=====
At 30 November 2002	£ -
	=====

4. TAXATION

The company is a non-profit making company and does not trade; consequently, in the opinion of the directors, no liability to Corporation Tax arises other than on investment income.

POLITEIA

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2003 Continued

5. CREDITORS

	2003	2002
	£	£
Bank overdraft	-	1,272
Trade creditors	-	-
Social security and payroll taxes	2,622	2,068
Accrued expenses	1,500	3,363
	-----	-----
	4,122	6,703
	-----	-----

6. COMPANY STATUS

The company is a private company limited by guarantee and consequently does not have any share capital. Under its Memorandum and Articles of Association, every member undertakes to contribute to the assets of the company, in the event of its being wound up while a member of the company (or within one year of ceasing to be a member) such amount as may be required not exceeding £1.

7. RELATED PARTY TRANSACTIONS

Politeia is non-profit making company, limited by guarantee, whose principal activity is that of informing and encouraging public discussion on the relationship between the state and the people by way of seminars, conferences and publications. It organises and commissions research and analysis on a number of different subjects relating to the role of the state in the lives of people (eg pensions, education, employment, healthcare, economic and constitutional matters). It applies, where appropriate, for support for such work is eligible, to the Foundation for Social and Economic Thinking (FSET), which is an education charity established to help fund eligible projects, the Garfield Weston Foundation, the Esmée Fairbairn Foundation and other charitable bodies. It also seeks and wins support from individuals and companies towards organising and holding its public lectures and conferences, and towards sustaining these and its publishing operations.

One of the trustees of FSET, the Reverend Canon Lord Pilkington of Oxenford, is also a director of the company in order to supervise grants made by FSET (see Note to the company).

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DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR
ENDED 30 NOVEMBER 2003

	2003 £	2002 £
TURNOVER	7,899	10,147
Cost of sales	(134,230)	(91,230)
GROSS LOSS	(126,331)	(81,083)
Donations and grants received	234,675	143,250
Administrative expenses	108,344 (98,881)	62,167 (61,869)
NET PROFIT	£9,463	£298

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DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR
ENDED 30 NOVEMBER 2003

	2003	2002
	£	£
TURNOVER		
Subscriptions	5,472	5,663
Sales of publications	2,220	3,939
Conferences and seminar income	207	545
	-----	-----
	£7,899	£10,147
	=====	=====
COST OF SALES	2003	2002
	£	£
Costs recharged to publishing ex administration	98,880	61,870
Authors and research fees	426	1,000
Printing and publishing	18,488	12,272
Conferences and seminars	16,436	16,088
	-----	-----
	£134,230	£91,230
	=====	=====

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DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR
ENDED 30 NOVEMBER 2003

ADMINISTRATION	2003 £	2002 £
Directors salaries	50,955	47,392
Staff salaries and national insurance	43,958	33,796
Consultancy	47,833	-
Casual assistance	-	448
Staff advertising	-	659
Rent	18,000	3,582
Rates	9,505	9,505
Utilities	262	227
Insurance	-	372
Cleaning	3,315	2,893
Repairs, renewals & maintenance	6,361	2,297
Telephone	4,991	4,557
Postage	1,522	3,627
Printing, stationery and office supplies	6,187	2,858
Travel	930	1,074
Entertainment	2,276	2,082
Press cuttings	1,372	1,856
Books and periodicals	21	184
Accountancy	(900)	4,003
Legal	94	-
Miscellaneous expenses	-	1,794
Bank charges	287	533
Office depreciation	792	-
	-----	-----
	197,761	123,739
50% recharged to cost of sales	(98,880)	(61,870)
	-----	-----
	£98,881	£61,869
	=====	=====